

# MINUTES

**Seattle City Employees' Retirement System  
Regular Board Meeting**

**Wednesday, January 6, 2010 – 9:00 a.m.  
Pacific Building, 10<sup>th</sup> Floor**

**Present:** Jean Godden, Dwight Dively, Mark McDermott, Lou Walter, Mary Norris, and Rod Rich

**Also Present:** Walt North (ARSCE), Gwen Jensen (ARSCE), Ken Leask (ARSCE), Bill Kruller (ARSCE), Robert Sugden (ARSCE/RCLEA), Ken Yeager (Retiree), Steve Frank, Esq. (Attorney representing Brenda Jallits), Nick Collier (Milliman), Kory Hoggan (Moss Adams), Brad Thoreson, Esq. (Foster Pepper PLLC), V. Rafael Stone, Esq. (Foster Pepper PLLC), William Song, Esq. (Song Mondress), Carlton Seu, Esq. (City Attorney's Office), Katrina Kelly, Esq. (City Attorney's Office), Cecelia M. Carter (SCERS), Mike K. Akiyama (SCERS), Teresa M. Wells (SCERS)

**Lou Walter, acting as Chair, called the meeting to order at 9:07 a.m.**

**Public Comment:**  
Happy New Year!

## **Minutes:**

Approval of minutes for the December 2, 2009 meeting has been tabled until the next meeting on February 3, 2010.

## **Ratification of Retired Payroll, Office Payroll, Other Payments and Withdrawals:**

**Information:** The following items represent normal expenses and nothing extraordinary.

Service	\$ 8,185,985.39
Beneficiary	\$ 895,869.65
Disability	\$ 72,982.66
<b>Pension Payroll – PPE December 31, 2009</b>	<b>\$ 9,154,837.70</b>
<b>Office Payroll – PPE November 10<sup>th</sup> &amp; 24<sup>th</sup>, 2009</b>	<b>\$ 59,432.52</b>
<b>Vouchers Processed – November 30, 2009</b>	<b>\$ 413,925.37*</b>
<b>Expert and Consultant Services - \$ 37,701.23*</b>	

## **Immediate Withdrawals of Contributions for the month of December 2009:**

<b>MEMBER</b>	<b>DEPARTMENT NAME</b>	<b>POSITION</b>
Anderson, David A	SPU	Utility Account Rep II
Baker, Kylie R	Mayor's Office	Outreach Liaison
Baldrige, Adam F	SPU	Water Pipe Worker
Bell, Jeremy	Library	Library Associate
Calderon, Monique M	Parks	Senior Lifeguard
Carstens, Susan J	HSD	Nurse Consultant
Farman, Melanne V	Muni Court	Clerk

<b>MEMBER</b>	<b>DEPARTMENT NAME</b>	<b>POSITION</b>
Fitch, Shannon Marie	Light	Lineworker
Francois III, Royal Lubin	Light	Laborer
George, Jason Allen	SPU	Drainage & Wastewater Collect
Green, Ronda	Human Services	Counselor Assistant
Hannan, Clare C	Personnel	Public Relation Specialist, Sr
Hayward, David	SEATRAN	Civil Engineer Specialist I
Hicks, Toney L	Seattle Center	Water Pipe Helper
Jensen, Catherine A	Personnel	Administrative Support Asst
Jimmy Lee	FFD	Delivery Worker
Joyce, Micahel R	Parks	Golf Course Keeper
Kelly, Christine	Parks	Administrative Specialist I
Livingston, Melissa J	Library	Security Officer
Long, Joanna M	Parks	Maintenance
Maurer, Blair G	Parks	Lifeguard
Mccammon, Jill D	Muni Court	Clerk
Pakootas, Perry	Light	Lineworker
Parris, Thomas W	SEATRAN	Maintenance Laborer
Renek, Jason M	Light	Lineworker
Ross, Garrin Edward	Muni Court	Probation Counselor I
Sudduth, Rodney L	Light	Laborer
Taylor, Stan	Muni Court	Judge

**28 Withdrawals for a total of: \$ 450,914.14**

**Motion:** Upon motion by Dwight Dively, seconded by Rod Rich, the Retirement Board ratified the Retiree Payroll, Office Payroll, other Payments and Withdrawals.

### **Ratification of Service Retirements:**

**Information:** The following list represents the retirements that have been processed since the last Retirement Board meeting.

<b>Retiree</b>	<b>Retire Date</b>	<b>Years Service</b>	<b>Days Service</b>	<b>Dept Name</b>	<b>Position</b>	<b>Age</b>
Acker, Christine D	12/07/09	10	14	Vested	Vested-SPU	57
Alcantara, Demetrio R	12/14/09	20	67	Fleets & Facilities	Manager 2	66
Bailey, Willie R	11/25/09	23	264	SDOT	Radio Dispatcher	64
Ferguson, Evelyn L.	12/04/09	30	41	Library	Library Associate 3	59
Ford, Joyce A.	11/25/09	12	169	Park	Vested	57
Go, Sotero Y	12/01/09	29	71	DPD	Mech Plans Engineer	69
Grotting, Leroy B.	11/30/09	42	277	Seattle Center	Util Laborer	63
Hartman, John A	10/28/09	1	157	Health	Vested-Health	64
Irvin, Philip C.	11/28/09	31	19	City Light	Power Analyst, Sr.	59
Jackson, Gary	11/26/09	18	205	SPU	Water Pipe Helper	57
Keeler, Karyn Cassandra	12/02/09	31	248	SDOT	Civil Engrng Spec. Assoc.	63
Langi, Semisi P.	11/04/09	20	184	City Light	Maintenance Laborer	65
Mickelson, Joseph N.	12/01/09	30	249	SPU	Executive 2	52
Peppin, Donna S.	11/19/09	6	311	Personnel	Vested-Personnel	68
Wheeler, Gerald E.	11/27/09	5	119	DEA	Vested-DEA	62

**Motion:** Upon motion by Dwight Dively, seconded by Mary Norris, the Retirement Board approved and ratified the service retirements listed above, pending final review.

For the month of December: 16 new members entered the System; 15 retired from the System; 1 retirement continuations due to death of retiree; 1 retirement adjustment due to social security payments beginning; 2 benefit pop-ups due to deceased beneficiary; 0 C-option expirations and 30 others terminated City employment.

#### **Ratification of Investment Transactions and Statement of Securities and Cash:**

**Information:** Provided in the Retirement Board packet is the Investment Summary report that represents the transaction summary and the market value of the investments as of November 30, 2009. (*Attachment #2*)

- Ms. Carter gave an overview of the month's investment transactions.
- Ms. Wells reported that changes were made to manager names to recognize all of Barclays Global Investors accounts are now called BlackRock accounts. The merger between the two entities took place at the end of last year. Bison II and BlackRock are now being characterized as private equity to better reflect their investment style.

**Motion:** Upon motion by Dwight Dively, seconded by Rod Rich, the Retirement Board accepts the Investment Summary report.

#### **Investment Committee Report:**

**Information:** The Investment Committee is scheduled to next meet at noon on Thursday, January 28, 2010 in the Retirement Office.

- Trust fund value as of November 30, 2009 = \$1,622,388,388.21
- An Investment Committee meeting was not held in December 2009.
- Ms. Wells reported manager changes as outlined:
  - We have successfully implemented changes to the SCERS' fixed income portfolio, ratified by the Board in October of 2008. In this, we've hired PIMCO to manage our fund under their Total Return strategy, and moved assets from Western Asset, Advent and the in-house account to them.
  - We have begun the domestic equity transition, per decision ratified by the Board in early December, consolidating all BlackRock (formerly Barclays Global) passive mandates into the Russell 1000 mandate. BlackRock will be executing those transactions this week.
  - I have instituted an investment manager monitoring policy, wherein we now have the minimum standard level of documentation on each of our investment manager and have instituted a policy for this review going forward.

**Jean Godden arrived at the meeting at 9:22 a.m. and assumed the position of Chair for the remainder of the meeting.**

- We have begun to generate investment manager profile sheets on a quarterly basis. Reports on traditional managers will be made available on the SCERS website.
- We have constructed a report showing outstanding commitments to private fund managers and will update the committee on its contents at least semi-annually. As of September 30, 2009, total contractual commitments outstanding amounts to \$29.1 million—although it is not likely that all of this will be called this equals roughly 2% of the Plan's assets.

**Carlton Seu arrived at the meeting at 9:29 a.m.**

- Phoenix Liquidating partnership is delivering the last four remaining investments “in-kind” to SCERS. The certificates will be deposited with Bank of New York-Mellon.
  - Lou Walter interjected with a question: Does this now put SCERS in the position of having to manage another direct investment?
  - Ms. Wells outlined how we will investigate with other managers whether they might propose either managing these or SCERS looks at the secondary market.

**Executive Director Report:**

- Cecelia Carter reported to the Board that Notice calling for nominations for the vacant seat on the Board was published on the Retirement System website and in the Seattle Daily Journal of Commerce on December 29 and 31, 2009 and January 5, 2010. We have one formal application to date.
- May 2010 meeting has been moved to May 13 to accommodate the conflict with NCPERS.
- We plan on having another Board retreat in 2010
- ARSCE January pension checks were dated and distributed with January 4 pay date. However, some banking institutions released funds to their customers on December 31 causing much confusion. Some retirees received access to their money while others had to wait until January 4. Income will not be reflected on the 2009 1099-R when the Retirement System will post a sample 1099-R online. Ms. Carter will also send a commentary to ARSCE to add to their newsletter.
- The City Council received an email from a retiree who was upset about why some retirees received their retirement payment on December 31 while she had to wait until January 4. Ms. Carter responded to the Chairwoman. Ms. Carter spoke with her over the phone and will follow-up in writing.
- For December 2009, the cash flow ended positively for the year. The System is comfortable with its cash position to carry us through March 2010 before re-accessing.

## Old Business:

### (1) Status of Benefit Enhancements

**Information:** The **estimated** current funding level of the Retirement Fund is 63.38% as of November 30, 2009

The above amount is an estimate calculated each month by the Retirement Office staff. As provided by Ordinance 120685, changes to the Floor COLA will occur once the funding level has reached at least 100% and has been confirmed by the Board after commissioning an actuarial valuation.

### (2) Items to Discuss

- Investment Policy Guidelines
  - Real Estate
  - Hedge Funds
  - Alternative Assets

**Note:** These items are tabled for now.

## New Business:

(1) Mr. Walter requested that management provides the Board with a memorandum detailing the roles and responsibilities of legal counsel.

(2) Disability Retirement Application of Ms. Brenda Jallits

- Ms. Carter gave an overview of Ms. Jallits' disability application process. Ms. Carter, Mark McDermott, and Lou Walter reviewed her file and recommended approval of temporary disability. Last night, Ms. Carter received an email from Steve Frank, Esq. (attorney for Brenda Jallits) that he is coming to the Board meeting to speak on her behalf.

Speaking on behalf of his client, Steve Frank read to the Board her file detailing her condition and the prognosis of the team of 3 doctors who examined her at the direction of SCERS. Mr. Frank's position is that Ms. Jallits' disability should be categorized as a permanent disability.

The Board concluded that they would take his position under advisement and evaluate all information in executive session.

No motion was passed at this time.

(3) Actuary Recommendation Regarding the Adoption of New Mortality Tables

- Motion to accept Actuary's recommendation to commence use of the Mortality table known as **Unisex RP2000 Table with 1-year set-back with generational projection** for the January 1, 2010 Valuation.

**Motion:** Upon motion by Dwight Dively, seconded by Lou Walter, the Retirement Board voted to approve the recommendation by the Actuary (Milliman) to commence use of the Mortality table known as Unisex RP2000 Table with 1-year set-back with generational projection for the January 1, 2010 valuation.

- Motion to accept Actuary's recommendation to commence use of the Mortality table known as **Unisex RP2000 Table with 1-year set-back projected to 2025** for future retirement benefit calculations.

**Motion:** Upon motion by Mark McDermott, seconded by Dwight Dively, the Retirement Board voted to approve the recommendation by the Actuary (Milliman) to commence use of the Mortality table known as Unisex RP2000 Table with 1-year set-back projected to 2025 for all future retirement benefit calculations effective at a date set by the Executive Director so as to provide for equitable implementation in 2010.

- (4) Lou Walter asked to discuss some items that came up during the Board Retreat in December 2009 at the next Board meeting on February 3, 2010.

**The Board reserves the right to enter into executive session if necessary.**

**Executive Session:**

At 10:00 a.m., the Board entered into Executive Session to discuss with legal counsel investment litigation possibilities and a personnel matter for 15 minutes on each topic. The session was extended to 10:30, 11:00, and 11:30 a.m.

**Dwight Dively left the meeting at 10:30 a.m.**

**Motion:** Upon motion by Lou Walter, seconded by Mark McDermott, the Retirement Board voted to authorize the City Attorney's Office to engage in discussion with a certain former SCERS employee regarding their Civil Service claim.

**Motion:** Upon motion by Lou Walter, seconded by Rod Rich, the Retirement Board voted to approve the disability retirement application of Ms. Brenda Jallits as a temporary disability retirement with a re-examination at 24 months from the date of the retirement effective date pursuant to SMC 4.36.250. The retirement effective date will be 30 days from the date she filed her disability retirement application. However, the Retirement Board is requesting clarification from the doctors regarding this evaluation.

**Motion:** Upon motion by Lou Walter, seconded by Mark McDermott, the Retirement Board voted to retain the services of Foster Pepper PLLC as legal counsel for certain securities litigation investigations.

**Adjournment:**

**Motion:** Upon motion by Rod Rich, seconded by Lou Walter, the Retirement Board voted to adjourn the meeting at 11:40 a.m.

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Mark McDermott, Secretary